

UNITED STATES DEPARTMENT OF STATE
BUREAU OF POLITICAL-MILITARY AFFAIRS
WASHINGTON, DC 20520

In the Matter of:

_____)
Multigen-Paradigm Inc.)
)
)
a California Corporation)
)
Respondent)
_____)

ORDER

WHEREAS, the Directorate Defense Trade Controls, Bureau of Political Military Affairs, United States Department of State (the "Department"), has notified Multigen-Paradigm Inc, (the "Respondent") of its intention to initiate an administrative proceeding against it pursuant to the Arms Export Control Act (the "Act") (22 C.F.R. § 2778 (e)) and its implementing regulations, the International Traffic in Arms Regulations (22 C.F.R. § 120-130) (the "Regulations"), based on an allegation that the Respondent violated Section 38 of the Act (22 U.S.C. § 2778) and § 127 of the Regulations as set forth in a Draft Charging Letter, attached hereto and incorporated by reference, herein, by exporting defense articles and defense services without munitions licenses or other authorizations to the People's Republic of China ("PRC"); and

WHEREAS, the Department and the Respondent have entered into a Consent Agreement pursuant to Section 128.11 of the Regulations whereby the Department and the Respondent have agreed to settle this matter in accordance with the terms and conditions set forth therein;

IT IS THEREFORE ORDERED,

FIRST, that the Respondent will pay in fines and remedial compliance measures a civil penalty of \$2,000,000 (two million dollars), comprised of the amounts stipulated herein and in paragraph (2), in complete settlement of the alleged civil violations pursuant to Section 38 of the Act as set forth in the Department's Draft Charging letter. This civil penalty shall be payable as follows: \$125,000 (one hundred twenty-five

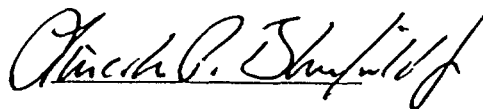
thousand dollars) shall be paid to the Department of State within 10 days of the signing of the Order and \$125,000 (one hundred twenty-five thousand dollars) shall be paid in a second payment on the first anniversary of the signing of the Order. The Respondent agrees that the effect of any statutory limitation to the collection of the civil penalty imposed by this agreement shall be tolled until the last payment is made.

SECOND, that an additional civil penalty of \$1,750,000 (one million seven-hundred fifty thousand dollars) is hereby assessed but its payment shall be suspended on the condition that Respondent will apply \$250,000 (two hundred fifty thousand dollars) of this amount over a three (3) year period for the purpose of defraying a portion of the costs associated with the remedial compliance specified herein and in an agreed "schedule of compliance measures" attached hereto. One million five hundred thousand dollars (\$1,500,000), has already been credited to the Respondent, which has already been invested in strengthened compliance measures that have been identified by the Respondent to the Department. The Respondent will provide annually to the Department on the anniversary of the date of the Order written accounting(s) of the expenditures associated with this additional penalty. Any failure by a Respondent to use these funds appropriately for this purpose or to provide a satisfactory accounting shall result in a lifting of the suspension, in which case the Respondent shall be required to pay the remainder of the penalty suspended to promote future compliance activities to the Department immediately.

THIRD, The Respondent shall institute the compliance measures in the Consent Agreement, and shall do so within the deadlines established therein.

FOURTH, that the Draft Charging Letter, the Consent Agreement, the Annex of Compliance Measures and this Order shall be made available to the public.

This Order becomes effective on the day it is signed.



Lincoln P. Bloomfield, Jr.
Assistant Secretary for
Political-Military Affairs
Department of State

Entered this 25th day of September 2003